



February 29, 2016

ENGROSSED SENATE BILL No. 381

DIGEST OF SB 381 (Updated February 26, 2016 12:12 pm - DI 113)

Citations Affected: IC 6-7; noncode.

Synopsis: Cigarette and tobacco taxes. Changes the stamp discount for cigarette distributors from \$0.012 to \$0.013. Changes the tax collection allowance for tobacco distributors from \$0.006 to \$0.007 for tobacco products other than cigarettes. Repeals the tax that applies to cigarette papers, wrappers, and tubes. Makes conforming changes.

Effective: July 1, 2016.

**Mishler, Kenley, Walker, Broden,
Randolph Lonnie M**
(HOUSE SPONSOR — BROWN T)

January 11, 2016, read first time and referred to Committee on Tax & Fiscal Policy.
January 26, 2016, reported favorably — Do Pass.
January 28, 2016, read second time, ordered engrossed. Engrossed.
February 1, 2016, read third time, passed. Yeas 49, nays 1.

HOUSE ACTION

February 9, 2016, read first time and referred to Committee on Ways and Means.
February 29, 2016, amended, reported — Do Pass.

ES 381—LS 6867/DI 58



February 29, 2016

Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

ENGROSSED SENATE BILL No. 381

A BILL FOR AN ACT to amend the Indiana Code concerning
taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-7-1-2 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2016]: Sec. 2. Unless the context requires
3 otherwise, "cigarette" shall mean and include any roll for smoking
4 made wholly or in part of tobacco, irrespective of size or shape and
5 irrespective of tobacco being flavored, adulterated, or mixed with any
6 other ingredient, where such roll has a wrapper or cover made of paper
7 or any other material. Provided the definition in this section shall not
8 be construed to include cigars. Excepting where context clearly shows
9 that cigarettes alone are intended, the term "cigarettes" shall mean and
10 include cigarettes ~~cigarette papers or wrappers, and tubes~~ upon which
11 a tax is imposed by sections 12 and 13 of this chapter.

12 SECTION 2. IC 6-7-1-3 IS AMENDED TO READ AS FOLLOWS
13 [EFFECTIVE JULY 1, 2016]: Sec. 3. Unless the context requires
14 otherwise, "individual package" shall mean and include every
15 individual packet, box, or other container used to contain or to convey
16 cigarettes to the consumer. ~~It shall also mean and include books and~~
17 ~~sets of papers, wrappers or tubes.~~

ES 381—LS 6867/DI 58



SECTION 3. IC 6-7-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. Unless the context requires otherwise, "stamps" shall mean the stamps printed, manufactured, or made by authority of the department, as provided in this chapter, and issued, sold, or circulated by it and by the use of which the tax levied under this chapter is paid, or any impression, indicium, or character imprinted upon individual packages of cigarettes ~~cigarette papers, or tubes~~ by a metered stamping machine or other device such as may be authorized by the department for use by the holder of a certificate under the provisions of this chapter and by the use of which the tax levied under this chapter shall be paid.

SECTION 4. IC 6-7-1-12, AS AMENDED BY P.L.218-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. ~~(a)~~ The following taxes are imposed, and shall be collected and paid as provided in this chapter, upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of four and nine hundred seventy-five thousandths cents (\$0.04975) per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of six and six hundred twelve thousandths cents (\$0.06612) per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

~~(b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by him in the manufacture of cigarettes), the following taxes are imposed, and shall be collected and paid as provided in this chapter:~~

~~(1) On fifty (50) papers or less, a tax of one-half cent (\$0.005).~~

~~(2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent (\$0.01).~~

~~(3) On more than one hundred (100) papers, one-half cent (\$0.005) for each fifty (50) papers or fractional part thereof.~~

~~(4) On tubes, one cent (\$0.01) for each fifty (50) tubes or fractional part thereof.~~



SECTION 5. IC 6-7-1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14. All taxes levied, assessed, and imposed by this chapter shall be paid and the payment thereof evidenced by the purchase of stamps and by affixing the same to the individual packages ~~cigarette papers, wrappers, and tubes~~ and duly cancelling ~~said these~~ stamps, as provided in this chapter, but there shall be no further tax assessed, imposed, or collected by virtue of this chapter upon the sale or use of any package of cigarettes ~~cigarette papers, wrappers, or tubes~~ upon which ~~said these~~ stamps have been previously affixed as provided by this chapter.

SECTION 6. IC 6-7-1-17, AS AMENDED BY P.L.131-2008, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 17. (a) Distributors who hold certificates and retailers shall be agents of the state in the collection of the taxes imposed by this chapter and the amount of the tax levied, assessed, and imposed by this chapter on cigarettes sold, exchanged, bartered, furnished, given away, or otherwise disposed of by distributors or to retailers. Distributors who hold certificates shall be agents of the department to affix the required stamps and shall be entitled to purchase the stamps from the department at a discount of one and ~~two-tenths three-tenths~~ cents ~~(\$0.012)~~ **(\$0.013)** per individual package of cigarettes as compensation for their labor and expense.

(b) The department may permit distributors who hold certificates and who are admitted to do business in Indiana to pay for revenue stamps within thirty (30) days after the date of purchase. However, the privilege is extended upon the express condition that:

(1) except as provided in subsection (c), a bond or letter of credit satisfactory to the department, in an amount not less than the sales price of the stamps, is filed with the department;

(2) proof of payment is made of all property taxes, excise taxes, and listed taxes (as defined in IC 6-8.1-1-1) for which any such distributor may be liable; and

(3) payment for the revenue stamps must be made by electronic funds transfer (as defined in IC 4-8.1-2-7).

The bond or letter of credit, conditioned to secure payment for the stamps, shall be executed by the distributor as principal and by a corporation duly authorized to engage in business as a surety company or financial institution in Indiana.

(c) If a distributor has at least five (5) consecutive years of good credit standing with the state, the distributor shall not be required to post a bond or letter of credit under subsection (b).

SECTION 7. IC 6-7-2-13 IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2016]: Sec. 13. A distributor that files a
2 complete return and pays the tax due within the time specified in
3 section 12 of this chapter is entitled to deduct and retain from the tax
4 a collection allowance of ~~six-thousandths (0.006)~~ **seven-thousandths**
5 **(0.007)** of the amount due. If a distributor files an incomplete report,
6 the department may reduce the collection allowance by an amount that
7 does not exceed the lesser of:

8 (1) ten percent (10%) of the collection allowance; or

9 (2) fifty dollars (\$50).

10 SECTION 8. [EFFECTIVE JULY 1, 2016] (a) **IC 6-7-1-17, as**
11 **amended by this act, applies only to cigarette stamps purchased by**
12 **distributors after June 30, 2016.**

13 (b) **IC 6-7-2-13, as amended by this act, applies only to the**
14 **collection of taxes that are attributable to liabilities for months**
15 **occurring after June 30, 2016.**

16 (c) **This SECTION expires June 30, 2017.**



COMMITTEE REPORT

Madam President: The Senate Committee on Tax & Fiscal Policy, to which was referred Senate Bill No. 381, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is to SB 381 as introduced.)

HERSHMAN, Chairperson

Committee Vote: Yeas 13, Nays 0

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 381, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 6-7-1-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 2. Unless the context requires otherwise, "cigarette" shall mean and include any roll for smoking made wholly or in part of tobacco, irrespective of size or shape and irrespective of tobacco being flavored, adulterated, or mixed with any other ingredient, where such roll has a wrapper or cover made of paper or any other material. Provided the definition in this section shall not be construed to include cigars. Excepting where context clearly shows that cigarettes alone are intended, the term "cigarettes" shall mean and include cigarettes ~~cigarette papers or wrappers, and tubes~~ upon which a tax is imposed by sections 12 and 13 of this chapter.

SECTION 2. IC 6-7-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 3. Unless the context requires otherwise, "individual package" shall mean and include every individual packet, box, or other container used to contain or to convey cigarettes to the consumer. ~~It shall also mean and include books and sets of papers, wrappers or tubes.~~

SECTION 3. IC 6-7-1-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 9. Unless the context requires otherwise, "stamps" shall mean the stamps printed, manufactured, or made by authority of the department, as provided in this chapter, and issued, sold, or circulated by it and by the use of which the tax levied

ES 381—LS 6867/DI 58



under this chapter is paid, or any impression, indicium, or character imprinted upon individual packages of cigarettes ~~cigarette papers, or tubes~~ by a metered stamping machine or other device such as may be authorized by the department for use by the holder of a certificate under the provisions of this chapter and by the use of which the tax levied under this chapter shall be paid.

SECTION 4. IC 6-7-1-12, AS AMENDED BY P.L.218-2007, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 12. ~~(a)~~ The following taxes are imposed, and shall be collected and paid as provided in this chapter, upon the sale, exchange, bartering, furnishing, giving away, or otherwise disposing of cigarettes within the state of Indiana:

(1) On cigarettes weighing not more than three (3) pounds per thousand (1,000), a tax at the rate of four and nine hundred seventy-five thousandths cents (\$0.04975) per individual cigarette.

(2) On cigarettes weighing more than three (3) pounds per thousand (1,000), a tax at the rate of six and six hundred twelve thousandths cents (\$0.06612) per individual cigarette, except that if any cigarettes weighing more than three (3) pounds per thousand (1,000) shall be more than six and one-half (6 1/2) inches in length, they shall be taxable at the rate provided in subdivision (1), counting each two and three-fourths (2 3/4) inches (or fraction thereof) as a separate cigarette.

~~(b) Upon all cigarette papers, wrappers, or tubes, made or prepared for the purpose of making cigarettes, which are sold, exchanged, bartered, given away, or otherwise disposed of within the state of Indiana (other than to a manufacturer of cigarettes for use by him in the manufacture of cigarettes), the following taxes are imposed; and shall be collected and paid as provided in this chapter:~~

~~(1) On fifty (50) papers or less, a tax of one-half cent (\$0.005):~~

~~(2) On more than fifty (50) papers but not more than one hundred (100) papers, a tax of one cent (\$0.01):~~

~~(3) On more than one hundred (100) papers, one-half cent (\$0.005) for each fifty (50) papers or fractional part thereof:~~

~~(4) On tubes, one cent (\$0.01) for each fifty (50) tubes or fractional part thereof:~~

SECTION 5. IC 6-7-1-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: Sec. 14. All taxes levied, assessed, and imposed by this chapter shall be paid and the payment thereof evidenced by the purchase of stamps and by affixing the same to the individual packages ~~cigarette papers, wrappers, and tubes~~ and duly



cancelling ~~said these~~ stamps, as provided in this chapter, but there shall be no further tax assessed, imposed, or collected by virtue of this chapter upon the sale or use of any package of cigarettes ~~cigarette papers, wrappers, or tubes~~ upon which ~~said these~~ stamps have been previously affixed as provided by this chapter."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 381 as printed January 27, 2016.)

BROWN T

Committee Vote: yeas 20, nays 1.

